



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the December 3, 2015 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Alexis Herrera, John Fitzgerald, Diahann Goode, Brent Lewandowski, Patrick McFadden, Patrick Nester, Joseph Nevius, Dennis White, and Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Benefit Advisor; Brenda Deming, Director of Health Benefits; Margaret Fahrenbach, Legal Adviser; Paul Rzeszutko, Director of Annuity Benefits; Beverly Romanini, Office Manager; Courtney Hollins, Communications Manager; Marina Sirot, Project Compliance Analyst

Others Present: Mary Pat Burns, Burke Burns & Pinelli ; Theron Picketts, Topeka Capital; Mia Cole Nelson, Teamsters Union Member; Richard Baert, Pensions & Investments; Micaela Vargas, Commissioner Gainer's Office

Trustee Herrera opened the meeting for public comment and no one having requested to address the Board, the next item of business on the Agenda was considered.

1. Review and Consideration of:

a. November 5, 2015 Board Meeting Minutes

It was moved by Trustee Lewandowski and seconded by Trustee Goode that the minutes of the November 5, 2015 Board meeting be adopted.

Vote Result: The motion was adopted by voice vote with Trustee Nevius and Trustee White having voted "present".

b. September 24, 2015 Health Benefits Committee Minutes

It was moved by Trustee Goode and seconded by Trustee McFadden that the minutes of the September 24, 2015, Health Benefits Committee meeting be amended to reflect that the hearing aid benefit would be re-evaluated in 2016 and that the minutes be adopted as so amended.

Vote Result: The motion was adopted by voice vote with Trustee Nevius and Trustee White having voted “present”.

c. October 22, 2015 Investment Committee Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Lewandowski that the minutes of the October 22, 2015, Investment Committee meeting be adopted.

Vote Result: The motion was adopted by voice vote with Trustee Nevius and Trustee White having voted “present”.

2. Review and Consideration of:

a. Bills, Payroll Records

The Fund’s monthly bills and payroll records were presented for the Board’s approval. It was moved by Trustee Goode and seconded by Trustee Nester that the action taken by the Fund’s staff in remitting payments for the presented bills and payroll records be approved.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

The Fund’s staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund’s procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund’s procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Goode and seconded by Trustee White, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Investment Committee Update

a. Consultant Approval

The Executive Director & CIO reported that based upon additional due diligence, it was recommended that Callan Associates be retained as the Fund's General Investment Consultant for a two year period beginning on January 1, 2016 with the option to extend the engagement for three additional one year periods. It was also recommended that the Fund retain RVKuhns for project based liability studies and funding scenarios the scope of which would be determined at a later date.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve the retention of Callan Associates as the Fund's General Investment Consultant for the period of January 1, 2016, through December 31, 2018, with the option to extend the engagement for additional one year periods in 2019, 2020 and 2021, upon the terms presented. It was further moved that Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Diahann Goode that the Board approve RVKuhns to perform project based studies associated with liability and funding analyses to be defined at a later date. It was further moved that Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. Report on Senate Subcommittee on Pensions

The Executive Director & CIO reported on the hearings before the Illinois Senate Committee on Pension Investments that were conducted on November 18-19, 2015. She stated that the Committee focused on brokerage, diversity initiatives and alternative investments. The questions from the Committee at the hearing frequently related to hedge fund investments, but the questionnaire the Committee requested the Fund to complete prior to the hearing was comprehensive addressing all areas of investment plan activities. There was some indication from the Committee that it may convene the hearings twice a year.

Trustee Goode stated that she attended the hearings and found that the Fund staff provided an excellent presentation. She suggested that other trustees attend future hearings.

4. Health Benefits Committee Update

a. Open Enrollment

The Executive Director provided a recap of the Open Enrollment meetings highlighting the successful outreach at the four different venues. Fund staff worked diligently to identify cost-effective venues that were conveniently located for the annuitants. The number of members attending the meetings tripled over attendance in the prior year at the same total cost. Brenda Deming, Director of Health Benefits, stated that the focus of the meetings was to assist members in managing their health issues and that the members' positive response to this strategy was very strong.

5. 2016 Finance Report

a. 2016 Budget Approval

The Executive Director presented an overview of the 2016 Budget for the Fund. She noted that the current investment environment is more challenging and that the costs of benefit payments will continue to rise because the number of annuitants is increasing and the annuitants are living longer. She stated that the Fund had successes in 2015 notably with the administration and cost management of health benefits, the ongoing records management and digitization and the improvements to the Fund's information systems controls.

Michael Maratea, Director of Finance and Administration, reported that improvements to the information systems, which were made in response to problems identified by external audits, increased the systems' functionality and security. He anticipated that more such improvements would be made in 2016. The trustees asked that they be advised of the status of external audits and Fund staff concurred.

The Fund's staff stated that it would recommend the retention of the relationships with its custodian bank, BNY/Mellon, and its auditor, Legacy Professionals, LLP, because the service levels received from these providers were good and the proposed fees were very competitive for the services to be rendered. BNY/Mellon had proposed a fee structure for the next five years to the Fund for their custodial services through December 31, 2020. Callan Associates, the Fund's Investment Consultant, conducted a blind request for information on behalf of the Fund to ascertain if the proposed custodial fees were reasonable and concluded that the custodian's proposed fees were below market rates.

The fees proposed by Legacy for the audits in 2015 and 2016 were the same as had been paid for the 2014 audit and the fees for the audits for the years 2017, 2018 and 2019 were modestly higher. A trustee requested explanation for renewal with Legacy since the last bid was considered. The Executive Director explained that the Fund evaluates the stability of team, resident expertise, fees, value added services prior to presenting a recommendation outside of a bidding situation. Legacy routinely performed critical services and reviews as needed beyond the scope of the agreement. The trustees discussed the comparison of projected expenses to actual expenses for 2015. The actual expenses for 2015 will not be known late in the first quarter of 2016 and will be made available to the trustees at that time.

It was moved by Trustee McFadden and seconded by Trustee Goode, consistent with the recommendations of the Fund's staff, that the Fiscal Year 2016 Administrative Budget be adopted.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

In the presentation of the 2016 budget, it was discussed that the Fund would need to prepare an RFP for a pension benefit system. In an effort to control costs, Fund staff proposed the retention of a Business Analyst to provide needed technical expertise to prepare the RFP.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Fund retain an external Business Analyst at a cost not to exceed \$35,000 to assist Fund staff in the preparation and review of a Request for Proposal for a pension benefit system as presented. It was further moved that Fund staff shall take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Legacy Renewal

Following the presentation of the 2016 Administrative Budget, it was moved by Trustee Nester and seconded by Trustee Goode, consistent with the recommendations of the Fund's staff, that Legacy Professionals, LLP be retained to prepare audited financial statements for fiscal years 2015 through 2019, as presented. It was further moved that the Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, Nester, Nevius, White, Wilson
PRESENT: McFadden
NAYS: None

Vote Result: MOTION ADOPTED

c. BNY Mellon Custody Fee Extension

It was moved by Trustee McFadden and seconded by Trustee Lewandowski, consistent with the recommendations of the Fund's staff, that the Board approve the proposed fees submitted by BNY/Mellon to provide custodial services, including securities lending, to the Fund from January 1, 2016 through December 31, 2020, as presented. It was further moved that the Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius,
White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

d. 2016 Education and Travel Pre-Approval

The Executive Director stated that the trustees were obligated under the Pension Code to receive eight hours of education relating to training each year. She stated that the Fund had identified certain conferences that would provide the necessary training.

It was moved by Trustee Lewandowski and seconded by Trustee Goode, consistent with the recommendations of the Fund's staff and Fund counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund staff in attending any of the indicated educational conferences be approved provided that the reimbursement shall be in and for amounts that are consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Lewandowski, McFadden, Nester, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

6. Trustee Matters

a. Trustee Resolution – Richardson

The Board considered a proposed resolution regarding former Trustee Samuel Richardson, Jr. who had completed his term on the Retirement Board. It was moved by Trustee Goode and seconded by Trustee White that the proposed Resolution regarding the service of Samuel Richardson, Jr. to the Retirement Board be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

b. 2016 Proposed Election of Officers and Committee Assignments

The Board considered the election of officers pursuant to Section 9-188 of the Pension Code. It was moved by Trustee Fitzgerald and seconded by Trustee Lewandowski that effective January 1, 2016, the following members of the Retirement Board shall serve as officers, until a successor is elected: Alexis Herrera, President; Patrick McFadden, Vice-President; and Diahann Goode, Secretary.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

The Board next considered the chairs and committee assignments proposed by the President for the Investment Committee, the Emerging Manager Investment Sub-Committee, the Health Benefits Committee and the Legislative Committee. It was then moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the President's proposals for committee chairs and committee assignments, as amended, and that all so named shall serve effective January 1, 2016, until a successor is appointed, to wit:

That Trustee Lewandowski shall serve as the Chair of the Investment Committee and that all members of the Retirement Board shall serve as members;

That Trustee Goode shall serve as the Chair of the Emerging Manager Investment Sub-Committee and that Trustees Nester, Nevius, White and Wilson shall serve as members;

That Trustee Fitzgerald shall serve as the Chair of the Health Benefits Committee and that Trustees Goode, Herrera, Lewandowski, McFadden, Nester and Nevius shall serve as members;

That Trustee Herrera shall serve as the Chair of the Legislative Committee and that Trustees Lewandowski, McFadden, Nester and White shall serve as members;

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

c. 2016 Proposed Meeting Schedule

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald, consistent with the recommendation of the Fund's professional staff and the Fund's counsel, that the proposed 2016 Meeting Schedule be adopted.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

7. Old Business/New Business

Paul Rzeszutko, Director of Annuity Benefits, stated that under Section 9-228(e) of the Pension Code, an annuitant may authorize the withholding of a portion of his annuity for the payment of dues to a labor organization. He reported that effective January 1, 2016, the monthly dues withheld for AFSCME would be \$3.00 for each annuitant authorizing the payment of dues.

8. Adjournment

There being no further business before the Board, it was moved by Trustee Fitzgerald and duly seconded that the trustees adjourn the meeting.

The next Board meeting is scheduled for January 7, 2016, at 9:30 a.m.